



## Australian Government

### International Air Services Commission

#### RENEWAL DETERMINATION

<b>Determination:</b>	[2024] IASC 126
<b>Renewal of:</b>	[2019] IASC 114
<b>The Route:</b>	Hong Kong
<b>The Applicant:</b>	Qantas Airways Limited (Qantas) (ABN 16 009 661 901)
<b>Public Register File:</b>	IASC/APP/202437

**The Commission makes a fresh determination allocating to Qantas Airways Limited (Qantas) one all-cargo frequency per week on the Hong Kong route. The determination is valid for five years from 14 July 2025.**

#### 1 The application for renewal

1.1 On 16 August 2019, the International Air Services Commission (the Commission) issued renewal Determination [2019] IASC 114 (the Determination) allocating one all-cargo frequency per week on the Hong Kong route in favour of Qantas. The Determination permits the capacity to be utilised by Qantas or its wholly-owned subsidiary, Jetstar Airways Pty Limited (Jetstar).

1.2 Section 17 of the *International Air Services Commission Act 1992* (the Act) requires the Commission to start its consideration of the renewal of a determination at least 12 months before the expiry of the original determination. The Determination is due to expire on 13 July 2025. In view of this, the Commission sent, on 15 July 2024, a letter to Qantas inviting it to apply for renewal if it wished to renew the Determination.

1.3 On 11 September 2024, Qantas applied to the Commission for a renewal of the Determination for a further five-year period, and requested the retention of all existing conditions.

1.4 As required by sections 12 and 17 of the Act, the Commission published a notice on its website on 13 September 2024, and subsequently sent a notification by email to stakeholders inviting other applications for capacity on the route. No other applications were received.

1.5 All non-confidential material supplied by the applicant is available on the Commission's website ([www.iasc.gov.au](http://www.iasc.gov.au)).

## **2 Air services arrangements**

2.1 Paragraph 7(2)(aa) of the Act provides that the Commission must not allocate available capacity contrary to any restrictions on capacity contained in a bilateral arrangement(s).

2.2 According to the Register of Available Capacity, there are 41 frequencies per week available for allocation to Australian designated airlines to operate passenger services in each direction between Hong Kong and the following points in Australia: Brisbane, Melbourne, Perth and Sydney. There are no frequencies available for any new allocation for the operation of all-cargo services between Hong Kong and the following points in Australia: Brisbane, Melbourne, Perth and Sydney.

2.3 Under the Australia-Hong Kong air services arrangements, Australian designated airlines may at their discretion freely convert and reconvert capacity for the operation of passenger services and all-cargo services between Sydney, Melbourne, Brisbane and Perth and Hong Kong on the basis of one passenger frequency for one all cargo frequency or vice versa.

## **3 Commission's consideration**

3.1 Section 8 of the Act provides that the Commission may, at any time while a determination is in force, make a fresh determination allocating the capacity to which the original determination relates. Subsection 8(2) provides in part that the fresh determination must make the same allocation of capacity as the original determination unless the Commission is satisfied that the allocation is no longer of benefit to the public. In assessing the benefit to the public of an allocation of capacity, the Commission must apply the criteria set out for that purpose in the policy statement made by the Minister under section 11 of the Act.

3.2 Pursuant to section 11 of the Act, the Minister issued the International Air Services Commission Policy Statement 2018 (the Policy Statement), which came into effect on 28 March 2018.

3.3 Section 14 of the Policy Statement applies where the Commission is proposing to make a fresh determination under section 8 of the Act, and is considering whether the allocation of capacity in the original determination is no longer of benefit to the public for the purpose of section 8(2)(a)(i) of the Act. Section 14(2) of the Policy Statement provides that, without limiting the matters to which the Commission may have regard, an allocation is generally no longer of benefit to the public if:

- the carrier has failed to service the route effectively (s 14(2)(a)); and
- there are other applications for some or all of the capacity (s 14(2)(b)); and
- the Commission is satisfied that a different allocation of capacity would be of greater benefit to the public, having regard to the criteria set out in sections 8 and 9 of the Policy Statement (s 14(2)(c)).

3.4 The Commission notes that, under subsection 14(2) of the Policy Statement, an allocation will generally no longer be of benefit to the public where all of the above conditions are satisfied.

3.5 There are no other applications for some or all of the capacity to which the determination in question relates, and therefore the condition in section 14(2)(b) of the Policy Statement is not satisfied. The Commission therefore finds that the proposed allocation does not fall within the class of allocations that are generally no longer of benefit to the public contemplated by subsection 14(2) of the Policy Statement.

3.6 However, subsection 14(2) of the Policy Statement operates ‘without limiting the matters to which the Commission may have regard’. In view of the circumstances pertaining to the COVID-19 pandemic, the Commission has proceeded to consider whether the allocation is no longer of benefit to the public in all the circumstances.

3.7 On 11 March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. In response, the Australian Government introduced a range of health, financial and other measures to prevent and minimise the transmission of COVID-19.

3.8 In this context, on 24 March 2020 the Prime Minister announced that the Australian Government was introducing a ‘do not travel’ ban on Australians travelling overseas under the *Biosecurity Act 2015*. On 27 October 2021, the Government announced it would lift the international travel ban for certain categories of travellers from 1 November 2021, subject to certain conditions.

3.9 The Commission notes that international freight movements were generally exempt from the restrictions on international travel introduced by the Australian Government in response to the COVID-19 pandemic.

3.10 In assessing the current Qantas application for the renewal of its capacity allocation of one all-cargo frequency per week on the Hong Kong route, the Commission considered whether Qantas has failed to service the route effectively.

3.11 At the request of the Commission, on 18 October 2024 Qantas confirmed that the airline continued to operate international freight services to Hong Kong during the period while travel restrictions associated with the COVID-19 pandemic were in place.

3.12 The Commission has also considered the ‘reasonable capability criterion’ in section 8 of the Policy Statement, i.e. the extent to which all Australian carriers that are, or would be, permitted to use the capacity allocated under a determination are reasonably capable of: (a) obtaining any licences, permits or other approvals required to operate on and service the route to which the determination relates; and (b) using the capacity allocated under the determination.

3.13 The Commission notes that Qantas and its wholly-owned subsidiary, Jetstar, are established international carriers and, as such, are reasonably capable of obtaining the necessary regulatory approvals and of using the capacity allocated on the Australia-Hong Kong route.

3.14 There is no other information before the Commission that it considers to be relevant or material to its assessment of Qantas' application. Based on its findings above, the Commission is not satisfied that the allocation of capacity in the original determination is no longer of benefit to the public for the purposes of section 8(2)(a)(i) of the Act. Therefore, the Commission is required to make the same allocation of capacity as the original determination (see section 8(2)(a) of the Act).

3.15 Under section 19 of the Act, the Commission "must include the same terms and conditions as the original determination to which it relates" (s 19(1)(c)), but "may make such changes (if any) to the terms and conditions included in the original determination (including adding or deleting terms and conditions) as it is satisfied are warranted because of changes in circumstances since the original determination was made" (subsection 19(3)).

3.16 The Commission has decided to continue permitting the use of the capacity for code sharing with the airlines listed in item 4 below subject to conditions as stated.

3.17 Nothing in this decision should be taken as indicating either approval or disapproval by the Australian Competition and Consumer Commission (ACCC). This decision is made without prejudicing, in any way, possible future consideration of code share operations by the ACCC.

#### **4 Determination allocating capacity on the Hong Kong route to Qantas Airways Limited ([2024] IASC 126)**

4.1 In accordance with section 8 of the Act, the Commission makes a Determination in favour of Qantas Airways Limited, allocating one all-cargo frequency per week on the Hong Kong route, in accordance with the Australia – Hong Kong air services arrangements.

4.2 The Determination is valid for five years from 14 July 2025.


4.3 The Determination is subject to the following conditions:

- (a) Qantas is required to fully utilise the capacity from the date the Determination comes into effect or from such other date approved by the Commission.
- (b) The capacity may be utilised by:
  - Qantas Airways Limited; or
  - Jetstar Airways Pty Ltd, as long as it remains a wholly-owned subsidiary of the Qantas Group; or
  - such other wholly-owned subsidiary of the Qantas Group that the Commission approves in writing, as long as it remains a wholly-owned subsidiary of the Qantas Group.
- (c) Neither Qantas Airways Limited nor another Australian carrier which is a wholly-owned subsidiary of the Qantas Group is permitted to utilise the capacity

to provide services jointly with another Australian carrier or any other person unless approved by the Commission.

- (d) Subject to the preceding condition, the capacity may be used by Qantas Airways Limited to provide joint services with any wholly-owned subsidiary of the Qantas Group and by any wholly-owned subsidiary of the Qantas Group to provide joint services with Qantas Airways Limited.
- (e) Changes in relation to the ownership and control of Qantas Airways Limited and/or its wholly-owned subsidiary authorised to utilise the capacity are permitted except to the extent that any change:
  - results in the designation of the airline as an Australian carrier under the Australia — Hong Kong air services arrangements being withdrawn; or
  - has the effect that another Australian carrier, or a person (or group of persons) having substantial ownership or effective control of another Australian carrier, would take substantial ownership of Qantas Airways Limited and/or its wholly-owned subsidiary or be in a position to exercise effective control of the airlines, without the prior consent of the Commission.

Dated: 24 October 2024

  
Genevieve Butler  
Chairperson

  
Jane McKeon  
Commissioner